

1973

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ANNUAL REPORT

Year ending June 30, 1973

1973

1973

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF EMPLOYMENT SECURITY

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ADMINISTRATIVE PERSONNEL

June 30, 1973

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Director

Richard C. Duffield

Deputy Directors

C. David Hillman
John Kopala
James J. Walsh

Assistant Directors

Charles A. McCarthy
John J. McKenna
Max Nyer
Ellen J. Rowe
Richard E. Smith
John F. Sullivan

THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF EMPLOYMENT SECURITY

Chief Counsel

Robert A. Wiegman

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ANNUAL REPORT

Fiscal Year Ending June 30, 1973

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ON JUNE 30, 1973

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Deputy Directors	C. David Hilburn John Repola James J. Walsh
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MASSACHUSETTS YEAR IN REVIEW

Fiscal year 1973 was the beginning of some recovery in Massachusetts from the recession which had bottomed out nationally in November 1970. Non-agricultural employment rose by 52,200 from an average of 2,260,800 in fiscal 1972. Manufacturing industries reversed their long-term downward trend and accounted for 22.6 percent of the gain, amounting to 11,800 additional jobs. The state's recovery lagged when compared with the nation's because of its heavy involvement in aerospace and defense activities and the long continuing decline in soft goods industries. The state's unemployment rate was nearly two percentage points above the nation's at the end of the fiscal year.

In fiscal 1973, growth in the hard goods industries such as machinery, metals, instruments and ordnance can be attributed to

1. The successful conversion by many firms to nondefense products (frequently 30 to 40 new items a month, statewide).
2. The booming demand for capital goods and consumer durables which started in fiscal 1973.
3. The sudden influx of new defense contracts.

At the same time, employment in traditionally declining soft goods industries such as textiles and apparel began to stabilize, and even posted some gains in job rolls. The improvement was largely due to self-imposed quotas set by foreign competing countries coupled with a worldwide shortage of wool and cotton which created an increased demand for American man-made fibers.

All nonmanufacturing industries made considerable gains in employment in fiscal 1973 except the Federal Government which adhered firmly to its austerity program.

Unemployment dropped slightly from an average of 163,800 (6.6 percent of the State labor force) in fiscal 1972 to 161,000 (6.4 percent) in fiscal 1973. The high mark of joblessness in the early 1970's was in June 1971 when 192,000 individuals (7.7 percent of the labor force) were estimated as unemployed under the Federal formula. Manufacturing added nearly 21,000 and nonmanufacturing 30,000 to payrolls in the next 12 months, but the large numbers of individuals entering the labor force kept unemployment at a high level in June 1973 - 198,800 or 7.5 percent.

Economic growth in this period was therefore not enough to absorb all the new entrants, returning Vietnam veterans, former Federal employees, and the disadvantaged who were being brought into the labor force by manpower programs. As a result, unemployment remained at an unacceptably high level throughout fiscal 1973.

A combination of long-term unemployment problems that had to be dealt with and a reduced staff with which to deal with them caused the Division of Employment Security to make a more realistic evaluation of employment opportunities at local levels, gearing training programs to present and project occupational needs and avoiding duplication of services. The Division reemphasized its basic labor exchange function of matching people and jobs with the aid of computerized Job Banks.

A reduction in Federal funding forced a cutback in new hires resulting in a reduction of 366 personnel in the Division's staffing during fiscal 1973. Of the 2,926 employees of the Division at year's end, 1,871 were female and 1,055 male, 2,120 had permanent Civil Service status, 491 had temporary Civil Service status and 315 were provisional with no status. Employment under the federally funded Emergency Employment Act went from 55 at the fiscal year's start to 22 at the year's end. The Director appointed two new Deputy Directors on September 5, 1972, one appointment being made under the Federal-State Personnel Mobility Program.

The Division's Employment Security and the Department of Development Department, as the mutual benefit of both agencies and the employers they are trying to serve. The job development training was provided to all Employer Service Representatives and to some Special Program Job Bank Agents.

Another innovation was the Division's shift of Job Bank from a service bureau to a totally in-house operated system, covering the full range of services including key-punching, computer services, microfilm production and a special courier service. This shift eliminated one middleman in the processing of Job Orders and provided better service to the employer as well as providing a faster, more efficient and computerized system.

At the start of the year, statewide priorities of public employers were sent monthly to each Job Bank and Employer Service Representative Coordinators. The three local coordinators and each serving employers from a specific area discussed the needs of the employers and the district, and the Job Bank and the local coordinators with each other on that each local coordinator's district.

The year-end summary of the Division's activities was published in a mandatory directory which was sent to each of the 100 local coordinators. Nearly 10 percent of the total number of employers were listed. The summary of the Division's activities was published in the Secretary of Labor's monthly report, which was sent to each of the 100 local coordinators. The summary of the Division's activities was published in the Secretary of Labor's monthly report, which was sent to each of the 100 local coordinators. The summary of the Division's activities was published in the Secretary of Labor's monthly report, which was sent to each of the 100 local coordinators.

Training given to employers and employees was a major part of the Division's activities. The Division's training program was designed to provide employers and employees with the information and skills needed to find and secure employment. The Division's training program was designed to provide employers and employees with the information and skills needed to find and secure employment. The Division's training program was designed to provide employers and employees with the information and skills needed to find and secure employment.

EMPLOYMENT SERVICES

The Employment Service in fiscal year 1973 took new directions to deal with shifting priorities and policies at the Federal level. Not only the needs of disadvantaged job applicants but those of employers were now to be considered so that the Employment Services throughout the country could begin to reverse the dismal record of placements of the past few years. The response to these new Federal guidelines was Division-wide and multiphased, some innovations were tried but there was resort also to proven methods, all of which reflected a clear reorientation of priorities.

Employer servicing changed greatly. District Employer Service Representative Coordinators were established to better coordinate services to the employers within the various districts, and District Employer Information Centers and employer central files were planned. Along with these steps, a new cooperative agreement was implemented between the Division of Employment Security and the Commerce and Development Department, to the mutual benefit of both agencies and the employers they are trying to serve. New job development training was provided to all Employer Service Representatives and to some Special Program Job Developers.

Another innovation was the Division's shift of Job Bank from a service bureau to a totally in-house operated system, covering the full range of services including key-punching, computer services, microfiche production and a special courier service. This shift eliminated one middleman in the processing of Job Orders and provided better service to the employers as well as providing a faster, more efficient and sophisticated system.

At the start of the year, statewide printouts of subject employers were sent monthly to each Job Bank and Employer Service Representative Coordinator, but these were cumbersome and made serving employers from a specific area difficult. Printouts, breaking the employers out by district, are now sent at bi-monthly intervals with sufficient copies so that each local office receives one.

The year-end summary showed that 19,853 job openings subject to Mandatory Listings were received, 1,141 of which were from Federal agencies. Nearly 20 percent (3,889) of these job openings, were filled. The enactment of Public Law 92-540 and the resultant regulations of the Secretary of Labor lowering the dollar amount of Federal contracts which are subject to the mandatory job listing by successful bidders, increased the number of openings received and filled from subject employers.

Training given to Specialists for Services to the Handicapped, and technical assistance, training and monitoring given to the local offices, helped to provide more comprehensive and specialized services to the handicapped. In addition, intensive promotional activities were utilized in order to gain wider acceptance of the handicapped by employers.

Due to efforts of the Selected Applicant Groups Division there was a significant increase in the number of employers interested in hiring older workers. There was continuous participation in meetings and conferences with officials and organizations such as the City of Boston Older Worker Commission, officials from Project Retain, representatives from the Massachusetts Commission on Elder Affairs and the National Council on the Aging.

During the year, Public Law 92-540, the Vietnam Era Veterans Readjustment Act of 1972, became effective. Under this law the Veterans Services Division implemented programs to provide service to all veterans--with priority on services to disabled and Vietnam Era Veterans. Local offices were assisted in setting of Plan-of-Service goals for intake, placement and training of all veterans, Vietnam Era Veterans and disabled veterans in order to evaluate accomplishments. The Division of Employment Security cooperated with the Federal Aviation Administration in recruiting eligible veterans with emphasis on minority group and women veterans for the position of air traffic controller. Over 280 eligible veterans were located and contacted by the Division.

Each local office was advised and furnished with a copy of the Massachusetts Commission Against Discrimination's opinion relative to the acceptance, for listing in the Job Bank System, of Affirmative Action job orders. The MCAD's opinion was that no employer would be in violation of Federal and/or State Statutes for requesting referral of minorities only for prospective job openings provided that this is done solely for the purpose of assisting the employer to be in compliance with a Federal or State Affirmative Action Plan. Several meetings were held during the year for Minority Groups Representatives and Employment Aides concerning the employment problems, including discriminations, which confront members of the minority groups and women.

The assignment of Law Offender Services (LOS) teams has been based on community needs. During fiscal year 1973 LOS teams served a total of eight state institutions and two pre-release centers. Employment assistance was also provided to inmates of six county institutions and five halfway houses on a regular basis. Teams assisted inmates to find work-release, as well as post-release jobs, and helped to develop special resources like the Job Information Service Center at Concord. Most of the activities of the LOS teams pertain to employment services, helping clients to get and hold jobs as part of the rehabilitation process. Attention is also given to developing educational and training opportunities for offenders and ex-offenders.

The Division of Employment Security continued recruitment and screening of Job Corps applicants throughout the State despite the lack of Federal program funding. During the period July 1, 1972 to June 30, 1973, some 70 young men and women were referred to the Boston Regional Office for Job Corps, of whom 47 were actually enrolled and sent to various job corps centers. The Division continued to meet its obligations to returning graduates and trainees by placing a total of 51 of these young people in full-time employment, and by enrolling 37 others in further training programs during this period.

During fiscal year 1973, a total of 119,773 youths registered for work at various employment offices throughout the State. These offices reported that they made 18,164 youth placements during the year, of which 36 percent were minority youth placements. Local offices provided assistance to 153 local schools; 1,326 high school seniors needing occupational direction and assistance were registered for work by the Division. Under the Cooperative School Program, 538 high school dropouts and potential dropouts were registered for work. Follow-up activities revealed that 29.3 percent were placed in permanent jobs and 12.2 percent were placed in part-time employment, enabling them to continue school. An additional 1,913 youths were referred to training programs such as Job Corps, Neighborhood Youth Corps, MDTA, etc.

As a result of the various amendments to the Social Security Act effective during fiscal year 1973, the WIN program was much more effective in achieving its objectives, which were to remove people from the welfare rolls by helping them to become self-supporting employees in the regular economy. In the past, participation was voluntary; in fiscal 1973 it became mandatory that every able-bodied adult and child age 16 or over, must register in the WIN program as a condition of eligibility for AFDC, except those that were specifically exempted by law. An incentive was offered to employers in the form of a tax credit which resulted in a substantial increase in WIN/JOBS (OJT) contracts, with a total enrollment of 577. Additionally, 573 more AFDC people were hired either by direct placement or as a result of training programs, for a total of 1,150 tax credits certified for fiscal 1973. WIN placements for fiscal year 1973 totalled 3,274. Of the number placed, 624 were removed completely from the welfare rolls, and 514 had their welfare grants reduced due to earnings from employment. This resulted in cash savings to the Department of Public Welfare in the amount of \$5,321,820.

UNEMPLOYMENT INSURANCE ACTIVITIES

The number of employees covered by the Commonwealth's Employment Security Law increased by over eight percent during the course of fiscal 1973, from 1,776,971 to 1,927,526. Part of the increase was due to changes in the Law which brought under coverage employees of nonprofit institutions and of state hospitals and institutions of higher education. Part was due to an improving economy in Massachusetts. Average weekly earnings of covered employees increased by \$9 and the maximum benefit rate increased from \$74 to \$83 on October 1, 1972.

The amount of net benefits paid under regular state programs was lower in fiscal 1973 than in fiscal 1972 - \$236,584,000 as compared with \$247,560,000. Three different programs of extended benefits were in effect in fiscal 1972 and three in fiscal 1973 - the Federal-State Extended and the Emergency Unemployment Compensation programs at some time in both years, the state-financed Additional Benefit Program in

fiscal 1972 and the state-financed Emergency State Supplementary Unemployment Benefit program in fiscal 1973. The Trust Fund available to pay benefits increased from \$183,033,000 on June 30, 1972 to \$207,102,000 a year later. Collections and interest rose from \$177,242,000 to \$256,566,000 in this year due to the increase in taxable wages from \$3,600 to \$4,200 in 1972, to higher employment and wages and to a higher average contribution rate.

While the economic situation did noticeably improve during the year, the employment recovery was sluggish. This lag in the economy was reflected in the number of claimants who exhausted their regular UI benefits. At 86,935, the number of exhausts, while down from fiscal 1972's total of 90,723, was still unacceptably high.

As noted above, a number of Federal and/or State programs were initiated during fiscal 1972 to deal with the long-term unemployment problem of which two were continued in fiscal 1973. The Emergency State Supplemental Unemployment Benefits program (ESSUB) was to have become effective on June 26, 1972; however, due to an extension of coverage under a Federal program no benefits were paid under the ESSUB program until August 1972 and the last claims under the ESSUB program were filed during November 1972. The Federal Emergency Unemployment Compensation Program (EUC) which originally ran until September of 1972, was revived during December of 1972 and continued claims could run until March of 1973. Finally, the Triggered Extended Benefit Program (TREQ) which is financed equally by Federal and State funds and which was in effect from October 1970 to June of 1972, came into effect again on October 29, 1972, and was still active at the end of fiscal 1973.

DATA SUMMARY

	<u>1973</u>	<u>1972</u>
<u>Administration</u>		
Expenditures	\$34,867,756.89	\$38,135,335.71
<u>Employment, Unemployment and Wages</u>		
Average Total Labor Force	2,515,900	2,463,300
Average Total Employment	2,354,800	2,299,500
Average Manufacturing Employment	608,800	597,000
Average Total Unemployment	161,000	163,800
*Average Weekly Earnings of Covered Employees	\$156.60	\$151.47
*Average Weekly Earnings of Covered Workers in Manufacturing Industries	\$175.17	\$140.49
<u>Unemployment Compensation</u>		
Initial Claims	499,835	561,620
Continued Weeks Claimed	4,287,035	4,715,979
Exhausts	86,935	90,723
All Benefits Paid (Includes Total and Partial Benefits paid by the State)	\$ 236,584,000	\$ 247,560,000
Number of Contributory Covered Employers at Year's End	110,237	108,814
*Average Number of Covered Employees at Year's End	1,773,550	1,814,945
Total Taxable Wages	\$ 7,381,602,180	\$ 6,713,757,399
*Total Wages paid by Covered Employers	\$14,497,885,153	\$13,996,140,140

*Excluding Reimbursables.

Employment Service Activities

	<u>1973</u>	<u>1972</u>
New Applicants	268,338	132,605
Individuals Referred to Jobs	124,145	109,479
Individuals Counseled	45,954	23,509
Individuals Enrolled in Training	6,353	2,675
Individuals Placed in Employment-		
Total	47,356	40,410
Sex - Male	29,515	25,567
Female	17,841	14,843
Age - Under 22	18,164	15,050
22 - 44	23,163	20,262
45 and over	6,029	5,098
Highest School Grade Completed-		
Less than High School	20,659	16,896
High School or Above	26,697	23,514
Ethnic Groups-		
White	41,646	35,049
Negro	4,530	4,382
American Indian	37	46
Oriental	316	89
Spanish Surname	1,924	1,866
Veterans-		
Total	10,008	9,366
Vietnam Era Veterans	6,034	5,502
Handicapped	3,907	2,997

